REMARKS

Claims 1-29 are now pending in the application, with claims 1, 15, 23 and 24 being the independent claims. Reconsideration and further examination are respectfully requested.

In the Office Action, claims 1-26 were rejected under 35 U.S.C. §112, second paragraph, for reciting the terms "previously predicted" and "currently predicted". In response, Applicants have amended the pending claims to instead recite "a first set of predicted values" and "second set of predicted values" and to clarify that the second set of predicted values have been predicted subsequent to the prediction of the first set of the predicted values. These amendments are believed to eliminate any possible indefiniteness.

Similarly, claim 10 was rejected for reciting the word "type". In response, claim 10 (and the other claims that use that word) has been amended above to eliminate any reference to a "type of information". Accordingly, withdrawal of the § 112, second paragraph, rejection is respectfully requested.

Claims 1 to 26 also were rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. More specifically, the Office Action asserts that the claims do not recite a certain level of "real world" value, that no indication of practical application is present for the claimed invention and that the recitation of "asset" or "financial asset" encompasses intangible assets that may be an idea or concept per se. In response, Applicants note that the present claims, as amended above, all are directed to the prediction of the value of an asset, the value of a financial measure or the value of an economic measure.

Prediction of such a value is believed to have real-world value in accordance with the Federal Circuit's holding in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998). Citing *State Street,* M.P.E.P. § 2106(II)(A) states as follows:

> "[T]ransformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces 'a useful, concrete and tangible result' -- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades."

Clearly, a better forecast for an asset value or a financial and/or economic measure has real-world value, in the sense that such a prediction can be used as the basis for business decisions and for making better allocations of society's resources. Even slight improvements in the accuracy of such forecasts can generate billions of dollars in efficiencies and, therefore, profits. As a result, for-profit businesses are willing to spend tremendous amounts of money and effort each year in an attempt to improve the accuracy of their forecasts in this regard. In view of these observations, the present prediction technique clearly has practical applications that provide real-world value. Accordingly, withdrawal of the § 101 rejection is respectfully requested.

Claims 1, 2, 6-8, 11-14, 23-24 were rejected under 35 U.S.C. § 103(a) over U.S. Patent 6,088,676 (White); claim 4 was rejected under §103(a) over White in view of an article titled "Technological Forecasting – Model Selection, Model Stability and Combining Models" (Management Science Paper) and pages 339-340 of the Cambridge Dictionary of Statistics (Statistics Dictionary Reference); claims 15-17 were

rejected under §103(a) over White in view of the Statistics Dictionary Reference; claims 3, 9-10, 25 were rejected under §103(a) over White in view of the Management Science Paper; claims 18-22, 26 were rejected under §103(a) over White in view of the Statistics Dictionary Reference and the Management Science Paper; and claim 5 was rejected under §103(a) over White in view of U.S. Patent 6,363,333 (Deco). Withdrawal of these rejections is respectfully requested for the following reasons.

As previously noted, the present invention utilizes a unique forecasting technique to predict an asset's value or the value of a financial and/or economic measure. Generally speaking, this is accomplished by using past predictions for a set of "predictor variables" and historical values for the target variable (which is different from the predictor variables) to create a forecasting model for the target variable. Then, this prediction model is used in conjunction in with current predictions for the predictor variables in order to generate a prediction for the target variable (which as noted above, may be an asset's values or the value of a financial and/or economic measure). Using predictions for a set of variables to predict the value of a different variable according to the present technique is believed to be significantly different than conventional prediction techniques and can result in better predictions, as described more fully in the Specification.

Thus, independent claims 1, 23 and 24 are directed to the prediction of the value of a target variable based on predictions of other variables, in which historical values for the target variable at each of plural time points are obtained. Also obtained are a first set of predicted values for each of the predictor variables and a second set of predicted values for the plural predictor variables, with the second set of predicted values having

been predicted subsequent to the prediction of the first set of the predicted values. It is noted that the plural predictor variables are different than the target variable and that the target variable is a measure of at least one of: an asset value, a financial measure or an economic measure. Values are then assigned to the parameters of a forecasting model in order to obtain a best fit of the first set of predicted values for the plural predictor variables to the historical values for the target variable. Finally, a predicted value for the target variable is generated from the second set of predicted values for at least a subset of the plural predictor variables using the forecasting model and the values assigned to the parameters of the forecasting model.

The foregoing combination of features is not disclosed or suggested by the applied art. In this regard, the applied art does not disclose or suggest at least the features of assigning values to the parameters of a forecasting model for a target variable based on predicted values for predictor variables that are different from the target variable.

In fact, the Office Action does not even allege that the applied art discloses or suggests this feature of the invention. Rather, at most the Office Action merely asserts that "values are assigned to parameters of a forecasting model to obtain previously predicted values for the plural predictor variables." This asserted feature of White is exactly the opposite of the above-referenced feature of the present invention. That is, it is asserted that in White the model is used to obtain the previously predicted values. However, in the present invention the previously predicted values are used to obtain the model.

A careful reading of White confirms that White is, in fact, significantly different than the present invention. While the present invention concerns techniques for obtaining a prediction of the value of a target variable by using predictions of the values for other variables, White is primarily concerned with simply evaluating the effectiveness of different prediction models. See, e.g., column 1, lines 11-13, of White. Nothing in White appears to indicate that any of the models he is evaluating were generated by using predicted values for other variables.

For at least this reason, independent claims 1, 23 and 24 are believed to be allowable over the applied art.

Independent claim 15 also is directed to the prediction of a target variable based on predictions of other variables, in which historical values for the target variable at each of plural times points are obtained. A first set of a predicted values for each of plural predictor variables and a second set of predicted values for each of the plural predictor variables are obtained, with the second set of predicted values having been predicted subsequent to prediction of the first set of predicted values. Here too, the plural predictor variables are different from the target variable and the target variable is a measure of at least one of an asset value, a financial measure or an economic measure. A subset of the plural predictor variables whose first set of predicted values provide a best fit to the historical values for the target variable are identified. Then, a predicted value is generated for the target variable from the second set of predicted values for the identified subset of the plural predictor variables.

The foregoing combination of features is not disclosed or suggested by the applied art. In this regard, independent claim 15 includes limitations that are similar to

those of independent claims 1, 23 and 24, although in claim 15 only a subset of the plural predictor variables (those which provide a best fit to the historical value to the target variable) are identified and used. Thus, for similar reasons set forth above, independent claim 15 also is believed to be allowable over the applied art.

In addition, claim 15's identification of a subset of predictor variables, within the context of the present technique, is not disclosed or suggested by the applied art. In fact, the Office Action does not even appear to assert that this feature is shown by the applied art. For this additional reason, independent claim 15 is believed to be allowable over the applied art.

The other claims in the application depend from the independent claims discussed above and, therefore, are believed to be allowable for at least the same reasons. In addition, each such dependent claim recites an additional feature of the invention that further distinguishes the invention from the applied art. Accordingly, the individual reconsideration of each on its own merits is respectfully requested.

The new dependent claims also depend from such independent claims. In addition, new dependent claims 27 and 29 recite the step of engaging in an asset transaction based on the predicted value for the target variable, with the asset transaction comprising at least one of selling or purchasing an asset. This step further highlights the real-world value of the claimed invention and, therefore, provides an additional reason why the §101 rejection should be withdrawn.

In view of the foregoing amendments and remarks, the entire application is believed to be in condition for allowance, and an indication to that effect is respectfully requested.

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Respectfully submitted,

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